

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 EB-08 AID-05 CIAE-00 FRB-03 INR-07

NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03 SP-02

LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-05 CEA-01

AGRE-00 /081 W

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FM AMEMBASSY PRAGUE

TO SECSTATE WASHDC 4276

INFO AMEMBASSY BERLIN

AMEMBASSY BELGRADE

AMEMBASSY BUCHAREST

AMEMBASSY BUDAPEST

AMEMBASSY MOSCOW

AMEMBASSY SOFIA

AMEMBASSY VIENNA

AMEMBASSY WARSAW

USDOC WASHDC

USMISSION USNATO

LIMITED OFFICIAL USE PRAGUE 3500

E.O. 11652: NA

TAGS: EGEN, EFIN, ETRD, CSCE, CZ

SUBJECT: STATE BANK CHAIRMAN BRIEFS COMMERCIAL OFFICERS

REFS A. PRAGUE 3355 (NOTAL), B. PRAGUE A-78(NOTAL)

1. STATE BANK CHAIRMAN SVATOPLUK POTAC GAVE ONE-HOUR BRIEFING DEC 6 FOR COMMERCIAL COUNSELORS AND ATTACHES ACCREDITED TO PRAGUE. THIS EVENT WAS ORGANIZED BY CZECHOSLOVAK CHAMBER OF COMMERCE PRESIDENT LUDVIK CERNY, WHO PRESIDED OVER MEETING AND INTRODUCED POTAC. CERNY SAID BRIEFING WOULD BE FIRST OF A SERIES GIVEN BY GOC OFFICIALS ON ECONOMIC TOPICS IF DIPLOMATS ARE INTERESTED, AND HE INVITED QUESTIONS FROM THE FLOOR.

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2. POTAC DEVOTED MOST OF HIS HOUR TALK TO DISCUSSION OF GOC MONETARY POLICY, BANKING SYSTEM AND RELATED TOPICS. HE COVERED MUCH THE SAME GROUND AS HE DID DURING THE AMBASSADOR'S NOVEMBER 11 CALL(REFS A AND B). HIGHLIGHTS INCLUDED: (A) POTAC AGAIN CONFIRMED THAT GOC WILL SPEND \$3,000,000,000 ON CAPITAL GOODS IMPORTS FROM WEST DURING SIXTY FYP (1976-80)

AND INDICATED THAT COUNTERPURCHASE COMMITMENTS MAY BE REQUIRED OF WESTERN SUPPLIERS WHO WISH TO SELL EQUIPMENT FOR MAJOR LOCAL PROJECTS. (B) IN RESPONSE TO QUESTION ABOUT HOW GOC DETERMINES EXCHANGE RATE IT SETS FOR CROWN WITH REGARD TO HARD CURRENCIES, POTAC SAID CROWN IS "LINKED" TO DEUTSCHE MARK AND ALL OTHER HARD CURRENCY VALUES ARE BASED ON CROWN-DM RELATIONSHIP. HE SAID "LINK" WITH U.S. DOLLAR WAS TERMINATED AFTER U.S. DEVALUATIONS OF EARLY 1970'S AND THAT GOC FINDS IT UNSATISFACTORY TO USE "BASKET" OF CURRENCIES FOR DETERMINING (ARTIFICIALLY) CROWN'S PARITIES WITH WESTERN CURRENCIES. (C) POTAC SAID THAT BECAUSE OF IT S "DIFFERENT SOCIAL SYSTEM", CZECHOSLOVAK HAS NO INTENTION OF ESTABLISHING CONVERTIBILITY OF CROWN WITH WESTERN CURRENCIES. HE ADD ED THAT MUTUAL CONVERTIBILITY IS NOT CURRENT OBJECTIVE OF CEMA COUNTRIES SINCE TRANSFERABLE RUBLE PROVIDES SATISFACTORY MECHANISM FOR INTRA-CEMA CLEARANCES.

3. COMMENTS: MOST NOTABLE ASPECT OF POTAC BRIEFING WAS THAT IT WAS HELD AT ALL. CERNY EVIDENTLY SEEMS TO HAVE PUT HIS PERSONAL INFLUENCE BEHIND EFFORT TO IMPROVE GOC'S SORRY RECORD ON MAKING ECONOMIC AND COMMERCIAL INFORMATION AVAILABLE TO NON-COMMUNIST BUSINESSMEN AND DIPLOMATS, PARTICULARLY FOR CSCE PUBLIC RELATIONS PURPOSES. POTAC BRIEFING WAS MODEST EFFORT IN THIS DIRECTION, BUT E/C COUNSELOR PUBLICLY EXPRESSED EMBASSY'S APPRECIATION OF THIS NEW INITIATIVE AND HOPE THAT TREND TOWARD MORE OPENNESS WILL LIMITED OFFICIAL USE

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CONTINUE. CERNY SEEMED PLEASED BY THIS STATEMENT AND INDICATED HE SHARES OUR HOPE.
FROWICK

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Message Attributes

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